

THE CONCORD COALITION



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January 27, 2010

The Honorable Stephanie Herseth Sandlin, Co-Chair for Administration
The Blue Dog Coalition
311 Cannon House Office Building
Washington, DC 20515

Dear Ms. Herseth Sandlin,

On behalf of The Concord Coalition, I am writing to commend the Blue Dog Coalition for putting forward a strong and timely Blueprint for Fiscal reform. The plan sets a very positive example of fiscal responsibility at a crucial moment.

Put simply, our nation's debt is projected to grow at an unsustainable rate over the coming years. The problem goes far beyond the large near-term deficits which, in part, have been spurred on by a deep recession and problems in the financial sector. However, even after the economy recovers, we will be on an unsustainable course because our fiscal challenge is structural, not cyclical. Over the next 5 to 10 years, deficits under current policies are projected to grow dangerously faster than economic growth. Yet, even more worrisome is that within 30 years the fiscal pressures caused by the baby boom generation retirement and health care inflation are projected to push debt levels to triple the largest in our history.

The Blue Dog plan for budget reform acknowledges this huge fiscal challenge and the difficult political pressures inherent in enacting necessary changes. It is a comprehensive approach that deals with all parts of the budget. Not only are there needed reforms to the process, but importantly, the plan also sets a target for long-term debt stabilization. History has shown that during the few fiscally responsible periods in recent history, successes have been enabled by this combination -- agreed-upon goals and procedural rules to enforce them.

Budget process can be an important tool in achieving strategic long-term goals, but budget process alone will not be enough. No matter how tightly the rules are drawn, they will not work without the political will to make hard choices. However, budget rules can make it more difficult to toss fiscal probity aside.

In the face of immediate concerns and desires, it is always tempting for lawmakers to lose sight of the fact that current budget policies are on an unsustainable path. However, The Congressional Budget Office (CBO), the Government Accountability Office (GAO), the Office of Management and Budget (OMB), and independent fiscal and economic policy experts, including The Concord Coalition, confirm that basic reality.

Ideally, a bipartisan deficit reduction plan should be agreed upon and enacted along with strong enforcement mechanisms. But the fact that more needs to be done is not an excuse for doing nothing. The choice for policymakers is whether to reclaim a measure of fiscal discipline through the budget process while a more substantive plan is negotiated, or to sit by while deficits drift higher in the absence of any procedural hurdles designed to rein them in.

The Blue Dog Plan would put in place a solid framework for making the hard choices that will be needed to achieve fiscal sustainability. If enacted, even in part, it would enhance accountability and significantly improve the budget process by focusing attention on fiscal sustainability. We applaud your leadership and encourage other to join you in recognizing that the time for action is now.

Sincerely,

Robert L Bixby